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Jury Hears Sad Stories from Rewald Investors

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Ronald Rewald's former mistress is losing her house.

His former insurance agent has gone into bankruptcy.

A widow who lost her husband and two sons in a tragic airplane crash, and later lost the insurance money to Rewald, has moved in with relatives because she has no money to live in Hawaii.

Those were three of the stories jurors heard yesterday during the Rewald federal fraud trial.

Ed Vincent was considered part of the Black family when Theresa Black's husband and two sons were killed during a sky-diving exhibition in December 1981. Byron Black and sons Daniel and Robert were among 11 people killed when the plane crashed into Pearl Harbor.

It was Vincent, an accountant who worked for Rewald, who suggested that Black put her insurance money in Rewald's company. He told her the investment was 100 percent safe, she said.

"MY WHOLE LIFE is in your hands," she wrote to Vincent in a note she included with the first payment to Rewald.

Black met with Rewald, who offered his condolences on her loss. He even said he would try to find her surviving son a job when he got out of college.

Then, over several months beginning in January 1982, Rewald took \$86,000 from Black with promises of paying 20 percent interest.

She was so thankful that Vincent and his friend, Jerrold Signori, another Rewald consultant, helped her with her finances that she gave them a sky-diving airplane worth at least \$18,000.

When Bishop, Baldwin, Rewald, Dillingham & Wong collapsed in 1983, Black lost all of the money she had.

"It was devastating," she said.

Black has moved to Texas to live with relatives because "I can't afford to live here any longer," she said.

REWALD IS charged with 99 counts of fraud, perjury and tax evasion in connection with the company's collapse. Some 400 investors lost \$12 million. Rewald claims that the CIA set up and ran his company and is responsible for the investors' losses. The CIA denies that, although it concedes it had minor ties to Rewald.

Bankruptcy officials who have traced the money that came into the company say that Rewald spent all of the investors' money on himself or on company overhead, such as salaries. No money actually was invested.

Jane Linuma told the jury yesterday that she helped Rewald find investors and that she put \$61,500 of her own money into the company.

Linuma said she sold Rewald life insurance for his wife in December 1980 and a short time later agreed to become Rewald's "traveling companion and mistress."

She said she received \$2,000 a month from Rewald as his mistress and he also paid for her to travel to Europe. In all, she told Assistant U.S. Attorney John Peyton, she received \$103,000 from Rewald.

AFTER THE company collapsed, however, the trustee of Rewald's bankrupt company got a court judgment against Linuma in which she has to pay back everything except her original investment. Because of that, Linuma said, "I'm going to lose my house."

Edgar Kudlich is another insurance agent who did business with Rewald.

He testified that he sold Rewald a number of policies costing thousands of dollars for Rewald's cars, ranches and houses.

Kudlich also put \$307,000 of his own company's money into the firm but later withdrew all but \$40,000. A month before BBRD&W collapsed, he withdrew that money.

But because that money was withdrawn within 90 days of the collapse, Kudlich was told he would have to pay it back to the bankruptcy trustee. That caused his company to fail, and he had to go into personal bankruptcy, Kudlich said.